

CHAPTER 1 SECTION 11

DURABLE MEDICAL EQUIPMENT CLAIMS: BASIC PROGRAM

ISSUE DATE: December 29, 1982

AUTHORITY: [32 CFR 199.4\(d\)\(3\)\(ii\)](#)

I. APPLICABILITY

This policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by TMA and specifically included in the network provider agreement.

II. POLICY

A. The maximum allowable amount for an item of durable medical equipment is:

1. The lower of the total rental cost for the period of medical necessity or the reasonable purchase cost and
2. Delivery charge, pick-up charge, shipping and handling charges, and taxes.

B. The reasonable purchase cost determination shall consider whether the item is new or used in the calculation of an allowable amount using allowable charge methodology for standard items of equipment, accessories and supplies within a state.

1. For customized items, the contractor may price such claims using documented evidence of retail prices for customization in the state of purchase.
2. Rental cost-share associated with an initial prescription may be excluded from the calculation of the allowable amount for a second prescription which extends the period of medical necessity due to clinical complications.

III. EXCLUSIONS AND LIMITATIONS

A. Effective October 23, 1993, a cost that is non-advantageous to the government shall not be allowed even when the equipment cannot be rented or purchased within a "reasonable distance" of the beneficiary's current address. The charge for delivery and pick-up is an allowable part of the cost of an item; consequently, distance does not limit access to equipment.

B. Effective October 23, 1993, line-item interest and carrying charges for equipment purchase shall not be allowed. A lump-sum payment for purchase of an item of equipment is the limit of the government cost-share liability. Interest and carrying charges result from an arrangement between the beneficiary and the equipment vendor for prorated payment of the beneficiary's cost-share liability over time.

- END -